

Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 COME-00 XMB-07 EB-11 DRC-01

RSC-01 AID-20 OPIC-12 IGA-02 L-03 DOTE-00 TRSE-00

EA-11 INT-08 CIAE-00 INR-10 NSAE-00 OMB-01 /131 W

----- 047294

R 061740Z NOV 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 5977

INFO AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

LIMITED OFFICIAL USE EC BRUSSELS 6300

E.O. 11652: NA

TAGS: ETRN, ETRD, GB

SUBJ: TRANSGABON RAILROAD -- STATUS OF FINANCES

REFS: STATE 208019 AND 218170

1. THE MISSION HAS DISCUSSED THE STATUS OF FINANCING OF THE TRANSGABON RAILROAD (REFTEL A) WITH THE FED ON TWO OCCASIONS -- MOST RECENTLY WITH WIRSING, FED DEPUTY DIRECTOR, ON NOVEMBER 5 -- IN AN ATTEMPT TO GET A CLEARER PICTURE OF THE CURRENT SITUATION.

2. THE SUBSTANCE OF THESE CONVERSATIONS IS THAT THE FED HAS LITTLE HARD INFORMATION ON GOG ACTIVITIES TO RAISE FUNDS FROM EUROPEAN SOURCES AND THE EURODOLLAR MARKET. THIS IS PARTICULARLY TRUE FOR THE PERIOD SINCE THE JULY MEETING OF PROSPECTIVE DONORS. THE FED HAS NOT, FOR EXAMPLE, MET WITH GABONESE REPRESENTATIVES, AS SUGGESTED PARA 6 OF EC BRUSSELS 3913, TO HELP FIND FINANCING FOR THE SHORT FALL BETWEEN DONOR OFFERS AND THE COST OF THE FIRST PHASE OF RAILROAD CONSTRUCTION. THE FED CLAIMS THAT THE GABONESE WERE MUCH MORE ACTIVE IN THIS REGARD PRIOR TO THE JULY MEETING WHEN THE FINANCING OF THE

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PROJECT WAS MUCH LESS CLEAR. AT THAT TIME, ACCORDING TO

THE FED, THE GABONESE WERE APPROACHING "ANYONE AND EVERYONE" IN ATTEMPTS TO KEEP THE PROJECT ALIVE. (AMONG THOSE APPROACHED IN THE U.S., FOR EXAMPLE, WAS LOEB RHODES WITH WHOM THE GABONESE SIGNED A LETTER OF INTENT FOR A \$13 MILLION LOAN.)

3. SINCE THE JULY MEETING QUERIES TO THE FED FROM THE PRIVATE BANKING AND INDUSTRIAL SECTORS REQUESTING INFORMATION ON THE STATUS OF THE PROJECT HAVE GREATLY DIMINISHED. THEY HAVE ALMOST EXCLUSIVELY RELATED TO A SMALL PORTION OF THE OVERALL RAILROAD PROJECT WHICH HAS BEEN EXCLUDED FROM PUBLIC FINANCING. OUR SOURCE GAVE, AS AN EXAMPLE, THE FINANCING OF CRANES IN THE PORT AREA WHICH APPARENTLY WILL BE FINANCED BY FRENCH SOURCES ALREADY INVOLVED IN THE EXPLOITATION OF GABONESE TIMBER RESOURCES.

4. FED OFFICIALS ALSO TOLD A MISSION OFFICER THAT THERE WERE RECENT RUMORS FROM LIBREVILLE -- AND THEY STRESSED THAT THEY WERE ONLY RUMORS -- THAT PRESIDENT BONGO MAY HAVE SOME NEW IDEAS FOR EXTENDING THE RAILROAD BEYOND BOOUE BASED ON RECENT CONVERSATIONS HE HAS HAD WITH JAPANESE INTERESTS. ACCORDING TO THESE RUMORS THE RAILROAD MIGHT BE EXTENDED TO THE VICINITY OF MANGANESE DEPOSITS NEAR FRANCEVILLE RATHER THAN TOWARD THE IRON ORE DEPOSITS AT MEKAMBO. IN SPITE OF THESE RUMORS THE FED IS STILL PROCEEDING ON THE HYPOTHESIS THAT ONLY THE OWENDO BOOUE PORTION OF THE RAILROAD WILL BE BUILT IN THE NEAR FUTURE. HARTMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TECHNICAL ASSISTANCE, RAIL TRANSPORTATION
Control Number: n/a
Copy: SINGLE
Draft Date: 06 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973ECBRU06300
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731153/aaaabmsg.tel
Line Count: 89
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 208019 AND 218170
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 29 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29-Aug-2001 by rowellE0>; APPROVED <06-Nov-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TRANSGABON RAILROAD -- STATUS OF FINANCES
TAGS: ETRN, ETRD, GB
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005